

FISCAL NOTE

HB 794 - SB 739

March 24, 2005

SUMMARY OF BILL: Changes the effective date for the implementation of the Streamlined Sales Tax Agreement (SSTA) from July 1, 2005 to July 1, 2006.

ESTIMATED FISCAL IMPACT:

Forgo State Revenues – Up to \$24,400,000

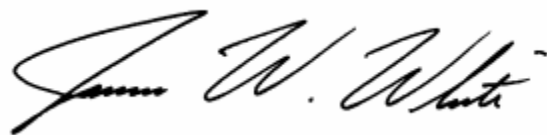
Forgo Local Govt. Revenues – Up to \$33,300,000

Assumptions:

- A study authored by the State of Washington was used to determine the voluntary compliance of non-nexus retailers.
- Increase of local sales tax revenue is estimated at \$8.0 million for FY06.
- There are numerous local impacts associated with making Tennessee conform to the SSTA.
- Locals will lose approximately \$3.30 million for FY06 in state-shared tax revenue under the SSTA due to the implementation of the privilege tax on cable, satellite, and other products and services.
- Locals will gain approximately \$28.63 million for FY06 from interstate telecommunications, single article sales, commercial energy, and other products and services.
- Given a July 1, 2006 effective date, net local revenues forgone could be as much as \$33.3 million.
- Given a July 1, 2006 effective date, state sales tax revenues forgone could be as much as \$24.4 million.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director